

CAPE AND ISLANDS UNITED WAY, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cape and Islands United Way, Inc.

Opinion

We have audited the accompanying financial statements of Cape and Islands United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cape and Islands United Way, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cape and Islands United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cape and Islands United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cape and Islands United Way, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cape and Islands United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Cape and Islands United Way, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Samet & Company PC

Brewster, Massachusetts
October 12, 2022

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 343,235	\$ 380,712
Investments	857,537	731,046
Pledges receivable	5,918	6,051
Employee Retention Credit receivable	22,561	-
Prepaid expenses and other assets	10,000	20,375
Property and equipment, net	30,075	728
Total assets	<u>\$ 1,269,326</u>	<u>\$ 1,138,912</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 4,493	\$ 796
Accrued payroll liabilities	-	558
Agency payable	37,500	-
Funds awarded payable	180,250	170,810
Total liabilities	<u>222,243</u>	<u>172,164</u>
Net assets:		
Net assets without donor restrictions	989,528	900,795
Net assets with donor restrictions	57,555	65,953
	<u>1,047,083</u>	<u>966,748</u>
Total liabilities and net assets	<u>\$ 1,269,326</u>	<u>\$ 1,138,912</u>

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

	2021			2020
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and support:				
Contributions	\$ 639,224	\$ 47,838	\$ 687,062	\$ 785,973
Donated goods and services	31,250	-	31,250	7,380
Special events	232,908	-	232,908	98,093
Forgiveness of debt - Paycheck Protection Program	-	-	-	68,347
Employee Retention Credit	22,561	-	22,561	-
Interest and dividend income	18,632	-	18,632	17,146
Realized and unrealized gain on investments	88,268	-	88,268	102,674
Net assets released from restrictions	56,236	(56,236)	-	-
Total revenues and support	1,089,079	(8,398)	1,080,681	1,079,613
Expenses:				
Program services	711,303	-	711,303	713,879
General and administrative	55,932	-	55,932	48,601
Fundraising	233,111	-	233,111	137,035
Total expenses	1,000,346	-	1,000,346	899,515
Change in net assets	88,733	(8,398)	80,335	180,098
Net assets, beginning of year	900,795	65,953	966,748	786,650
Net assets, end of year	\$ 989,528	\$ 57,555	\$ 1,047,083	\$ 966,748

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

	2021			2020	
	Program Services	General and Administrative	Fundraising	Total	Total
Advertising	\$ -	\$ -	\$ 9,645	\$ 9,645	\$ 8,344
Audit	4,488	4,487	-	8,975	8,735
Bookkeeping	8,257	8,258	-	16,515	16,550
Campaign cost	-	-	125,778	125,778	33,051
Consulting	23,650	11,825	11,825	47,300	47,800
Credit card fees	-	-	2,012	2,012	2,138
Depreciation	1,114	557	557	2,228	1,455
Dues	18,833	-	-	18,833	14,421
Funds awarded	444,602	-	-	444,602	453,582
Insurance	1,912	956	956	3,824	3,657
Occupancy	18,534	6,393	-	24,927	21,562
Office expense	1,135	568	567	2,270	1,551
Salaries, taxes and benefits	182,259	19,628	78,512	280,399	274,025
Staff development	2,258	1,129	1,129	4,516	4,601
Technology support	2,573	1,287	1,287	5,147	5,153
Telecommunication expense	1,688	844	843	3,375	2,890
Total expenses	<u>\$ 711,303</u>	<u>\$ 55,932</u>	<u>\$ 233,111</u>	<u>\$ 1,000,346</u>	<u>\$ 899,515</u>

CAPE AND ISLANDS UNITED WAY, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 80,335	\$ 180,098
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	2,228	1,455
Forgiveness of debt - Paycheck Protection Program	-	(68,347)
Realized and unrealized gains on investments	(97,844)	(110,998)
Investment expenses	9,576	8,324
Non-cash contributions	(25,000)	-
Changes in operating assets and liabilities:		
Pledges receivable	133	49,550
Employee Retention Credit receivable	(22,561)	-
Prepaid expenses and other assets	10,375	(5,692)
Accounts payable	3,697	(3,478)
Accrued payroll liabilities	(558)	(10,820)
Agency payable	37,500	-
Funds awarded payable	9,440	(61,635)
Net cash provided by (used for) operating activities	<u>7,321</u>	<u>(21,543)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(6,575)	-
Purchase of investments	(256,369)	(318,658)
Proceeds from sale of investments	218,146	326,831
Net cash provided by (used for) investing activities	<u>(44,798)</u>	<u>8,173</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>68,347</u>
Net change in cash and cash equivalents	(37,477)	54,977
Cash and cash equivalents, beginning of year	<u>380,712</u>	<u>325,735</u>
Cash and cash equivalents, end of year	<u>\$ 343,235</u>	<u>\$ 380,712</u>
<u>Supplementary disclosure of non-cash investing activities</u>		
Donated property and equipment	<u>\$ 25,000</u>	<u>\$ -</u>

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

Note 1 **Nature of Organization**

Cape and Islands United Way, Inc. ("the Company"), located in Centerville, Massachusetts, was formed in 1959, as a nonprofit corporation under Chapter 180 of the General Laws of the Commonwealth of Massachusetts that receives and distributes funding to address human service needs for other charitable organizations located on Cape Cod and the Islands.

Note 2 **Summary of significant accounting policies**

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles generally accepted in the United States of America. Accounting standards require the Company to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are comprised of assets relating to activities that are not subject to donor stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. As of December 31, 2021, the board designated \$20,000 for micro-grants. There were no board designated net assets as of December 31, 2020.

Net assets with donor restrictions are comprised of those assets for which use is limited by donor-imposed stipulations that will either expire with the passage of time or be fulfilled by the Company. Donor-restricted contributions that are received and expended within the same year are reported as net assets without donor restrictions.

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>
Community response	\$ 15,449	\$	28,717
Micro-grants	16,754		12,641
Women's united	<u>25,352</u>		<u>24,595</u>
Total	\$ <u>57,555</u>	\$	<u>65,953</u>

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 2 **Summary of significant accounting policies (continued)**

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases (ASC Topic 842). The new guidance primarily impacts lessee accounting by requiring the recognition of a right-of-use asset and a corresponding lease liability on the statements of financial position for long-term lease agreements. The lease liability will be equal to the present value of all reasonably certain lease payments. The right-of-use asset will be based on the liability, subject to adjustment for initial direct costs and the impact of escalation provisions in the respective agreements. Lease agreements that are 12 months or less are permitted to be excluded from the statements of financial position. Leases will be classified as finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets. In general, leases will be amortized on a straight-line basis. This new guidance was originally effective for the annual reporting year beginning after December 15, 2020, with early adoption permitted. Due to the Coronavirus pandemic, the FASB issued ASU 2020-05, which has provided non-public entities an option to defer implementation for one year. The standard is now effective for annual reporting periods beginning after December 15, 2021. The Company has adopted the latest standard and is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows, with the exception of certificates of deposits as these financial assets are highly liquid.

Income tax status

The Company is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Company qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Company is also exempt from state income taxes.

The FASB issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company’s tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Company incurs interest or penalties as a result of unrecognized tax benefits the policy is to classify interest accrued with interest expense and penalties thereon with general and administrative expenses. The Company’s tax filings are subject to audit by various taxing authorities. However, there are currently no audits for any tax periods in progress.

Investments and investment income and gains (losses)

Investments in marketable equity securities with readily determinable fair values are stated at fair value in the statements of financial position. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 2 **Summary of significant accounting policies (continued)**

Pledges receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All pledges receivable are due in less than one year. As management expects to fully collect the balance, no allowance is made for uncollectible accounts at December 31, 2021 and 2020.

Property and equipment

Acquisitions of property and equipment are recorded at cost except for donated property which are recorded at fair market value at the date of donation. The Company follows the practice of capitalizing all expenditures at cost for assets with a useful life that exceeds one year and exceeds \$1,000.

Funds awarded payable

The Company reserves the right to exercise variance authority over all grants and, as such, has no legal liability to pay the balance of any grant. Accordingly, grants and allocations are expensed based on predetermined payment schedules. Any grants and allocations that are due and not paid as of the year-end in accordance with the predetermined payment schedule are recorded as a liability at year end.

Fair value of financial instruments

The carrying amounts of financial instruments, including cash and cash equivalents, pledges receivable, accounts payable and funds awarded payable approximate fair value due to the short term nature of these assets and liabilities.

Fair value

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Company's financial assets reflected in the financial statements at fair value include its investments (see Note 4).

Contributions

Contributions are recognized at estimated fair value at the time of receipt. Unconditional contributions are recognized as revenues, or gains, assets, decreases of liabilities or expenses, in the period the commitment is received, depending on the form of the benefits received. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 2 **Summary of significant accounting policies (continued)**

Donated services and goods

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and may otherwise be purchased by the Company. Throughout the year the Company may receive services which have not been included in the financial statements as the requirement criteria for valuation have not been met.

During the years ended December 31, 2021 and 2020, the Company received donations of goods and services from various organizations and individuals as follows:

	<u>2021</u>	<u>2020</u>
Marketing services	\$ 5,000	\$ 5,000
Goods for events	1,250	2,380
Office furniture	<u>25,000</u>	<u>-</u>
	<u>\$ 31,250</u>	<u>\$ 7,380</u>

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2021 and 2020 were \$9,645 and \$8,344, respectively.

Functional allocation of expenses

The costs of providing the Company's programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Expenses related directly to program activities are charged directly to program services while other expenses that are common to several functions are allocated based on management's estimates, among major classes of program services and supporting services.

The expenses that have been allocated include compensation and related expenses, consulting and bookkeeping which have been allocated based upon time and effort. Other overhead related expenses include insurance, office and others have been allocated based on estimates provided by management.

Subsequent events

Subsequent events were evaluated through October 12, 2022 which is the date the financial statements were available to be issued.

Note 3 **Paycheck protection program loan**

On April 22, 2020, the Company received \$68,347 of funds under the Paycheck Protection Program of H.R. 748 ("PPP"), the purpose of which is to provide emergency assistance for organizations affected by the 2020 coronavirus pandemic. The Company may request in writing that the principal balance of the note and all accrued interest be forgiven upon certification that all proceeds of the note have been used for forgivable purposes as described in 13 CFR Part 120 and the guidance promulgated thereunder by Small Business Administration, an Agency of the United States of America.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 3 **Paycheck protection program loan (continued)**

During the year ending December 31, 2020, the Company accounted for the PPP loan as a government grant, and accordingly recognized the loan as forgiveness of debt. Effective March 31, 2021, the PPP loan totaling \$68,347 was cancelled by the bank, and formally forgiven.

Note 4 **Fair value measurements**

Accounting standards require that financial and non-financial assets and liabilities, recognized or disclosed in financial statements on a recurring basis (at least annually), be measured at fair value. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

These standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These standards describe three levels of inputs that may be used to measure fair value.

- Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.
- Level 3 - Unobservable inputs for the asset or liability that are significant to the fair value measurement. These inputs reflect the Company's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Company uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available. The asset or liability's fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements.

Equities are valued at the closing price reported on the active market on which the individual investments are traded.

Fixed income investments consisting of corporate bonds and treasury securities are valued using various techniques, which may consider recently executed transactions in securities of the issue of comparable issuers, market price quotations (where observable), bond spreads, interest rates and other data related to the issuer. The corporate bonds and treasury securities have various interest rates ranging from 2.00% to 3.50% and maturity dates through September 2029.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 4 **Fair value measurements (continued)**

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Company are deemed to be actively traded.

The following table summarizes the Company’s financial assets at December 31, 2021:

<u>Investment Type</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Equities	\$ 492,906	\$ -	\$ -	\$ 492,906
Fixed income	71,638	126,071	-	197,709
Mutual funds	<u>166,922</u>	<u>-</u>	<u>-</u>	<u>166,922</u>
Total Investments	<u>\$ 731,466</u>	<u>\$ 126,071</u>	<u>\$ -</u>	<u>\$ 857,537</u>

The following table summarizes the Company’s financial assets at December 31, 2020:

<u>Investment Type</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Equities	\$ 404,097	\$ -	\$ -	\$ 404,097
Fixed income	62,348	110,080	-	172,428
Mutual funds	<u>154,521</u>	<u>-</u>	<u>-</u>	<u>154,521</u>
Total Investments	<u>\$ 620,966</u>	<u>\$ 110,080</u>	<u>\$ -</u>	<u>\$ 731,046</u>

Note 5 **Property and equipment**

As of December 31, 2021 and 2020, property consisted of the following:

<u>Asset Category</u>	<u>Life</u>	<u>2021</u>	<u>2020</u>
Furniture	7 years	\$ 31,935	\$ 6,935
Equipment	5 years	<u>40,157</u>	<u>33,582</u>
		72,092	40,517
Less accumulated depreciation		<u>42,017</u>	<u>39,789</u>
		<u>\$ 30,075</u>	<u>\$ 728</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$2,227 and \$1,455, respectively.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 6 **Related party transactions**

The accounting function is outsourced to a firm that is owned by a current member of the Board of Directors. During the years ended December 31, 2021 and 2020, the Company paid accounting fees of \$16,515 and \$16,550, respectively. As of December 31, 2021 and 2020, there were no accounts payable due to the related entity.

Certain members of the Company's Board of Directors made contributions to the Company. For the years ended December 31, 2021 and 2020, contributions totaled \$89,554 and \$77,201, respectively.

The Company is affiliated with the United Way World Wide (UWW) and pays membership dues for use of UWW's name and service marks. For the years ended December 31, 2021 and 2020, membership dues totaled \$13,829 and \$11,992, respectively.

Note 7 **Line of credit**

In June of 2020, the Company obtained a line of credit with a maximum borrowing limit of \$100,000. The line of credit has a variable rate based upon the Eastern Bank Base Rate (as defined in the agreement, 3.25% at December 31, 2021 and 2020). The line of credit is secured by a pledge of the Company's investments. There were no borrowings under the line of credit as of December 31, 2021 and 2020.

Note 8 **Retirement plan**

The Company offers a contributory simple IRA Plan for the exclusive benefit of the employees who are eligible to participate. The Company matches individual participants' contributions to the plan up to 3% of the individual participant's compensation.

The Company's contributions to the plan for the years ended December 31, 2021 and 2020 were \$3,750 and \$3,894, respectively.

Note 9 **Leases**

Effective December 15, 2021, the Company entered into a lease agreement for office space in Hyannis, Massachusetts. The term of the lease is for 7 years, with an option to extend the lease an additional period of three years. The lease terms provide for monthly payments that increase at various intervals as described in the agreement. In addition, the lease provides for improvements to be made by the landlord prior to the Company occupying the premises. As the property improvements were delayed, the Company did not occupy the premises until February 1, 2022, therefore no rent was due until that time.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 and 2020

Note 9 **Leases (continued)**

Future minimum lease payments on the non-cancellable lease for the years ending after December 31, 2021 are due as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 20,350
2023	22,200
2024	23,100
2025	23,700
2026	24,300
2027 - thereafter	<u>50,400</u>
Total	<u>\$ 164,050</u>

Note 10 **Availability and liquidity**

The following reflects the Company's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of December 31, 2021, due to contractual or donor-imposed restrictions:

Cash and cash equivalents	\$ 343,235
Investments	857,537
Pledges receivable	5,918
Line of credit available	<u>100,000</u>
Total financial assets available within one year	1,306,690
Less: net assets with donor restrictions	<u>(57,555)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 1,249,135</u>

As part of the Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

Note 11 **Concentration of risk**

The Company maintains its cash at financial institutions in bank deposits, which may exceed federally-insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk with respect to cash.

CAPE AND ISLANDS UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 and 2020

Note 12 **Employee Retention Credits**

Under section 2301 of the Coronavirus Aid Relief and Economic Security Act (“CARES”), as amended, other governmental assistance is available in the form of employee retention credits. The CARES Act allows credits against applicable employment taxes for eligible employers that pay qualified wages as defined in the Act. As of December 31, 2021 the Company has recorded employee retention credits receivable totaling \$22,561.

Note 13 **Agency transactions**

During the year ended December 31, 2021, the Company held a Fund-A-Need fundraiser event for a local non-profit. The Company receives no compensation for this arrangement, therefore, these funds are treated as an agency transaction and have been recorded on the accompanying statements of financial position as a liability. As of December 31, 2021 agency funds totaled \$37,500.